

ATTACHMENT A

May 24, 2006



Owens & Minor Distribution, Inc.

Home Office

Post Office Box 27626, Richmond, VA 23261-7626
(804) 723-7000 FAX (804) 723-7999

STREET ADDRESS:

9120 Lockwood Boulevard, Mechanicsville, VA 23116-2029
www.owens-minor.com

Kristina Utton
National Contract Specialist
Vermed Inc.
9 Lovell Drive
Bellows Falls, VT 05101-0556

Re: Supply and Distribution Agreement dated October 10, 2002 (the Agreement")

Dear Ms. Utton:

Pursuant to Grant Issette's conversation with you on May 17, 2006 and section 9.B. ("Termination Without Cause") of the Supply AND DISTRIBUTION AGREEMENT, please accept this letter as formal notice of Owens & Minor Distribution, Inc.'s termination of the Agreement, to be effective September 18, 2006. Consistent with the Agreement, Vermed, Inc. shall immediately cease all production of MediChoice product, except as necessary to continue to honor Owens & Minor's orders for product up to the effective date of termination (September 18, 2006). As discussed, Owens & Minor will purchase the remaining on-hand inventory on or before the termination date. As of May 18, 2006 Vermed had approximately 60 days of finished product or 132 cases. Having given Vermed, Inc. the required 120-days notice, it is Owens & Minor's expectation that the finished goods inventory on September 18, 2006 will be limited to less than a 30-day supply.

Owens & Minor can not be responsible for the excess pouches equivalent to a ten month inventory of finished goods.

Thank you for your support and commitment to the MediChoice® program.

Very truly yours,

Mike Holtz

Vice President Product Development



Serving The Healthcare Industry Since 1882

ATTACHMENT B

Letter To File:

Re: Owens & Minor Medichoice 30022 Tab

Date: 5/18/06

On 5/17/06 at approximately 2:57pm received call from Grant Issette at Owens & Minor regarding their intent to terminate Vermed's contract for production of the Medichoice 30022 Tab in 120 days.

Reasons for termination:

- Flat sales on the tab electrodes due to quality issues in the initial launch of the product. Worked closely with Owens & Minor to solve quality issues and enhance the product. In last meeting with Grant on 2/9/06 showed him ECG tab with patent pending blue traction liner. Grant's reaction to the tab was positive and he stated that "you now have a tab that will compete with your competitors".
- New enhanced agreements with 3M and Kendall in which Owens & Minor receives benefit from selling only 3M and Kendall Healthcare supplies. The agreements encompass all of the products these companies have for sale in the Healthcare market. In these agreements it has a non-compete clause that says there are certain lines that Owens & Minor can not private label under the Medichoice line as they would take business away from either 3M or Kendall. ECG monitoring electrodes is one of those lines. In the event that Owens and Minor decide to private label electrodes it was noted that it would most likely be Kendall, but definitely either 3M or Kendall. Other ECG monitoring electrode manufacturers would not be considered.

Conversational Topics:

- Owens & Minor will still sell the Vermed brand upon customer request as long as Vermed continues to have GPO contracts.
- There is not an opportunity for Vermed to negotiate an agreement with Owens & Minor to decrease acquisition cost to be more competitive with the 3M and Kendall ECG monitoring products as this would negatively effect the current agreements with Kendall and 3M.
- Owens & Minor will pay for materials and inventory that Vermed has on hand for the Medichoice 30022.
- Notice of contract termination is to be emailed to Kristina by Grant Issette.

UNISON™

CORPORATE INCENTIVE *Program*

TYCO HEALTHCARE IS PLEASED TO OFFER THE UNISON™
CORPORATE INCENTIVE PROGRAM FOR PREMIER MEMBER
HOSPITALS IN RECOGNITION OF YOUR VALUED RELATIONSHIP
WITH US. THIS CORPORATE INCENTIVE IS DESIGNED TO
REWARD YOUR COMMITMENT TO THE UNISON™ PRODUCT
CATEGORIES WITHIN YOUR HEALTHCARE ORGANIZATION.

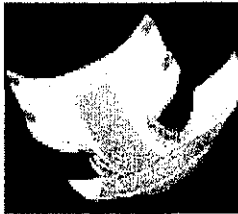
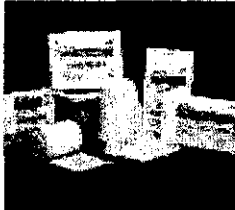
TYCO

Healthcare

UNISON™ CATEGORIES

General Wound Care - KENDALL

Market leading surgical dressings, bandage rolls and adhesives with recognizable brands such as KERLIX®, CURITY® and TELFA®.

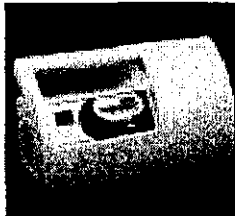


Incontinent Care - KENDALL

Market leader in Adult Briefs, Underpads and Absorbent Hygiene products.

Vascular Compression - KENDALL

Innovative DVT prevention with T.E.D.® Anti-Embolism Stockings, SCD™ Sequential Compression System and A-V Impulse System® foot pump products.



Cardiology Electrodes, Cables and Lead Wires - KENDALL-LTP

Superior performance in monitoring, diagnostic, neonatal and defibrillation applications.

INCENTIVE Program

Eligible Products

General Wound Care, Incontinent Care, Vascular Compression and Cardiology products.

Based on

Volume of purchases of eligible products from April 1, 2001 to September 30, 2002.

Sign Up Period

April 1, 2001 to September 30, 2002.

Term

Three (3) years from the date of sign up.

Payment

Payment made biannually based on purchases from April - September and October - March.

EXAMPLE

"Healthcare System A" purchases:

\$200,000	General Wound Care Products	95% Compliance
\$180,000	Vascular Compression Products	95% Compliance
\$ 90,000	Incontinent Care Products	95% Compliance
\$ 75,000	Electrodes and Related Accessories	95% Compliance

\$545,000 Total UNISON Purchases

\$545,000 X 5% = \$27,250 Corporate Incentive

Unison, Kerlix, Curity, SCD, T.E.D. and Telfa are trademarks of Tyco Healthcare Group LP.

A-V Impulse System is a trademark of Novamedix Distribution, Ltd.

tyco
Healthcare

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Mansfield, MA 02048
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1-800-669-1009 (Kendall - LTP Customer Service)

www.tycohealthcare.com

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